

Based on these principles, the Japanese cabinet approved an outline of external economic reform measures on March 29. These measures were primarily aimed at restarting the failed USA-Japan Framework trade talks. The package includes both structural and sectoral measures. However, due to bureaucratic resistance in line ministries, and uncertainty over the direction of US policy (particularly on the issue of quantitative indicators), specific details have been put off until June. The best case scenario would see this package providing the basis for a Japan-USA agreement to restart the working group discussions under the Framework umbrella with a view to reaching an agreement on new measures prior to Prime Minister Hata's meeting with President Clinton on the margins of the G-7 Summit in July.

The package reaffirms the July 1993 Framework commitment to achieving a medium-term reduction in Japan's current account surplus and a significant increase in imports of competitive foreign products and services. The package includes:

- more tax cuts and tax reforms to be decided by the year-end;
- an addition to the 10-year, ¥430 trillion - \$CDN 3.1 trillion, public works plan;
- a fast-track package of deregulation measures (to be announced in June);
- creation of an independent body to monitor deregulation (a key recommendation of the Hiraiwa committee);
- an expanded investigative staff of the Fair Trade Commission; new guidelines to deter bid-rigging in public works projects;
- expanded import and investment promotion measures;
- increased transparency of government procurement procedures;
- measures to increase foreign access in the telecommunication, medical equipment, insurance, and auto sectors.

Reforming Japan 's diplomacy

The reformers are able to point to a host of LDP failures, one of which was in foreign affairs. If "administrative guidance" from MITI and the Ministry of Finance is reduced and markets begin to open up, the effect on Japan's foreign relations would be enormous. The trade surplus continues to cloud Japan's relations with the United States (most recently demonstrated in the failure of the February 11 Clinton-Hosokawa summit on the Framework trade talks).

In 1992, Ichiro Ozawa (now a power broker in the coalition government) chaired a commission tasked with reviewing Japan's foreign policy. With regard to security issues, he concluded that Japan would have to assume a fuller role in the UN and make a greater contribution to peacekeeping, that Article 9 of the Constitution, the so-called peace clause, could be interpreted more liberally to allow for this. Prime Minister Hata and former Prime Minister Hosokawa made similar statements about Japan's foreign policy in the 1993 election campaign.